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'Maturing' Golden Triangle has room for consolidation, BC Mining Alliance hears

Resource exploration and mining in Canada's westernmost province of British Columbia have radically evolved in the past few decades as the province has moved from a patchwork of colonial-era regulations that largely excluded Indigenous people from the economic activity, to being crowned a top-tier investment destination in the eyes of major mining houses, a panel hosted by the BC Regional Mining Alliance (BCRMA) heard this week.



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Last year, when Australia-based major Newcrest Mining announced it would buy a 70% interest in Imperial Metals' Red Chris mine, CEO Sandeep Biswas called BC a tier-one jurisdiction. It was the first time a major had referred to the jurisdiction in this way, Agentis Capital Mining Partners partner Michael Gray said.

Comments

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Henry Lazenby

"As an analyst for the past 15 years, I've never heard any CEO of a major mining company call it a tier-one jurisdiction, and I appreciate that. In my own experience, I've never covered a company in BC, partly because a lot of these pieces were still in the process of being put together," he said.



However, GT Gold's two Saddle discoveries at Tatogga from 2018 drew the analyst in and subsequently, Gray now has all member companies of the BCRMA under coverage.

Panellists, one after another, underlined how the provincial government's drive towards reconciliation with Indigenous groups was creating strong multilateral bonds through adoption of the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), while significant infrastructure development and the provision of low-cost grid-connected power to far-flung reaches in the north had "changed the game completely".

"I'm seeing an embracement of responsible and respectful exploration and mine development in the Golden Triangle. It is something new," said Gray.

The so-called Golden Triangle region of northwest BC, behind the Alaska panhandle, is characterised by rugged mountainous terrain with few roads, often necessitating the use helicopters to access sites.

The geology was decidedly favourable for more top-tier discoveries, said British Columbia Geological Survey regional geologist Sean Tombe.

"A lot of the projects today are within a couple of kilometres of the unconformity found between the Stikine and Hazelton rock formations, which provided perfect conditions over millennia to propagate mineralised fluids from deep-seated magma chambers to surface, which was able to concentrate metals more effectively into high-grade, bigger deposits. [The geology] puts some meat on the bones for companies to start moving into there," he said.

Significant infrastructure improvements have made life much easier for operators, including the "game-changer" C\$700 million high-voltage Highway 37 transmission line, the paving of the Stewart-Cassiar Highway north from Smithers, the opening of deepwater port facilities for concentrate export from Stewart and the completion of a three-dam, 277MW hydroelectric power facility about 70km northwest of Stewart.

These infrastructure projects, coupled with progress on regulatory reform to forge new, strong and mutually respected alliances with Indigenous groups, the provincial government and the private sector, had transformed the jurisdiction into a place where miners could get things done, even during a pandemic.

Political will

BC's assistant deputy minister for energy and mines, Peter Robb, said he was confident the jurisdiction's efforts over the past several years were gaining traction.

"The big piece is we've invested back in people. We've doubled the ministry's staff over the past four years to beef up our permit processing capacity. We've also invested in our Indigenous partners.

"We were the first to sign impact benefit agreements with Indigenous groups, the first to ratify UNDRIP and we're sharing 37.5% of our mineral tax revenue directly with these people," he said.

Much work continued behind the scenes, with the ministry expected to publish an innovation roadmap document in September, which would aim to bring more innovation to the technology side, but also to the regulatory side of exploration and mining.

Robb said the global shift towards ESG investment also gave BC an advantage, given the prospective geology, clear and transparent provincial permitting framework, access to 'green' energy and a strong spirit of collaboration and partnership among stakeholders.

These developments have spurred a surge in junior investment and consolidation activity, with Newcrest's entry perhaps signalling the start of a trend.

Ascot Resources CEO Derek White said different parties would look at consolidation in the region for different reasons. In the case of Ascot, it set out in its formative years to consolidate properties around the former Premier mine mill, with a view to setting up a hub-and-spoke model using satellite deposits, including the Red Mountain project it acquired in March last year.

Skeena Resources in May vended the non-core GJ project to Newcrest, and subsequently signed a definitive agreement with Barrick Gold to acquire a 100% interest in the Eskay Creek gold-silver project, through which the major acquired up to 17.2% of Skeena on a diluted basis - both signs of increased senior-company scrutiny of the region.

Skeena CEO Walter Coles Jr said more consolidation was "inevitable".

"In the case of Skeena, we've gone the opposite direction and sold non-core assets to hone our focus on the Eskay Creek and Snip gold projects," he said.

BC had everything people were looking for, said GT Gold CEO Paul Harbidge. "People are looking for these sorts of long-life mines where they can put a balance between gold and copper together. And they are also looking to country risk and so, jurisdictions like BC are very attractive for people, together with the excellent infrastructure," he said.

"I think [M&A] is probably a bit stunted at the moment with COVID-19 limiting the ability for people to do due diligence, but I think there's a lot of work going on in the background."



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